

## BRITONS SEE RELIEF FROM WARTAXATION IN ARMS CONFERENCE

Gibbs Reports Greatly In-  
creased Interest in Com-  
ing Washington Parley.

LABOR STILL MENACE

European Nations Want  
U. S. Goods, but Have Not  
Got Gold Needed to Buy.

WANT NEW PHILOSOPHY

France Agrees to Justice of  
League's Silesian Award to  
Be Made to Germany.

By SIR PHILIP GIBBS.

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LONDON, Oct. 8.—The coming winter will be in my humble judgment the most anxious time Europe has had since the armistice. I am no prophet of woe and do not indulge in scare-mongering, but it is necessary to face realities, though that has not been the habit of European statesmen, and it is impossible to disguise any longer that financially and industrially we are all going from bad to worse.

I can see no sign whatever of trade recovery, but on the contrary there is every prospect of increased distress. What is the reason for this? Apart from all other facts in the world-wide chain of cause and effect the one dominating reason is the collapse of the German mark. Germany, whether we like it or not, and we don't, is the industrial centre of the European system. If she goes rotten her disease affects every country in Europe instantly, and to be plain and blunt she is going bad like Austria and like Poland in a fever of false finance.

When I was in Germany recently I

was amazed and impressed by the intense courage of the German people and their tremendous and successful efforts to recapture world trade, but my inquiries showed also that all this industrial might was based on cheap labor, cheap living, undercutting prices in all markets and a drastic restriction of all imports to enable them to pay off their enormous indemnities.

Must Other Nations' Trade.

It was clear that if they increased their exports to the amount required to meet the reparations payments other countries like Great Britain, would be shut out from their old markets. It was also clear that payment of the indemnities in gold values would inevitably depreciate the value of the paper mark thereby increasing Germany's financial distress while enabling her to undercut prices still more in foreign countries.

Both of these things have happened, and among other countries Great Britain is hard hit, directly and indirectly. Germany, one of our biggest customers, no longer buys from us at 470 marks to the pound. At the same time she is underselling us everywhere. But Poland cannot buy from Germany and still less from us with her mark at 21,000 to the pound. So the vicious circle goes on and each swing of it lowers the purchasing power of all nations and reduces the vitality of industrial life.

Europe is desperately in need of manufactured articles. In Germany men and women want underclothing made in England or the United States but cannot afford to buy it. Poland shivers in rags. A great part of Russia starves to death in next to nakedness. Many countries cannot move goods for lack of rolling stock, which the United States, Germany and Great Britain could easily provide, but paper money will not pay for rails.

That is among other things Premier Lloyd George's trouble in facing the unemployed. His fertile brain is racking itself to formulate rosy plans for relief. Experts have provided him during the last week with many facts, figures, schemes and proposals. In his mind is the thought of these coming winter months and in his ears ring words spoken to him by the London Mayors:

"We are afraid."  
They are afraid of the masses of men demanding, not softly, work and wages. They are afraid of forewarnings that many workshops are shutting up and that taxation to provide for unemployment cannot be increased without dealing a deadly blow to industry itself. Wages are being cut ruthlessly in all trades, which does not sweeten the temper of the men.

Meanwhile it is likely that there will be a new crisis in the coal mines because there must be immense reductions in the cost of output if British coal is to find a foreign market. It would be horrible and dangerous if there were another cessation of work by men already beaten into surrender but still sullen.

Bad as all this is it may have one hopeful result. European statesmen are beginning to realize that a new political philosophy is necessary if they will save their countries from financial downfall, and that central Europe must be rescued from ruin for the sake of all other peoples. This conviction has not been translated into immediate action, but there is a new spirit of conciliation at work here and there.

France, for instance, is coming to see that a bankrupt Germany will not be to her advantage, and for that reason has withdrawn her economic barriers between the Rhineland and the rest of Germany. France also has agreed to the League of Nations decision, not yet announced but known privately, on the division of Upper Silesia, which gives the main industrial area to Germany and the agricultural districts to Poland, who, under French influence, will also accept

it comes with a blinding light to many minds that here is the real chance for relieving all countries of immense burdens of taxation due to the cost of naval and military armament and of arranging a pact of peace between the great Powers to eliminate the worst forebodings of a future conflict.

Cynics, of course, see nothing but self-interest in the attitude of European Powers to the Washington proposals, especially in Great Britain's willingness to reduce her naval strength in a way which would leave her with the same relative strength in sea power. France, not much interested in sea power, will, they say, resist the limitation of land armaments unless America and Great Britain guarantee military aid in case of German aggression or Russian attacks on Poland.

That is true, but it is also common sense as long as the present prospects of future conflict prevail. The Washington conference's big chance is to reduce the probable causes of future war and so make preparations for war futile. With good will and courage on all sides that can be done to a large extent by an economic policy supported by the United States, Great Britain and France, with an extension of credits to Central Europe depending on the peaceful development of industry. For

this repudiation of her ambitious claims.

Even the Irish question is now hopeful. The settlement, thank heaven, has been influenced by economic conditions which will form a considerable part of the discussion in the forthcoming conference. Both Ireland and England understand that a new conflict would be ruinous to both peoples and that financial and commercial cooperation is necessary to cure the creeping paralysis of unemployment and decaying industry.

I have good information that Ulster leaders, apart from their people, are becoming conciliatory under the pressure of financial distress. These considerations are beginning to have a wonderfully educating effect upon politicians who seemed incapable of learning the elementary lessons of world finance, as well as upon journalists who guide the policy of their papers. Within the last week or so this new attitude of mind has been reflected in the awakening enthusiasm for the possibilities of the Washington conference for the limitation of armament.

Hope in Washington Parley.

It is idle to disguise the fact that for some time this conference excited only mild interest, but now, owing to the menace of increasing distress in Europe

when all is said and done peace depends on economics and on the security of trade.

Obstacles to a Lasting Peace.

There can be no lasting peace between nations driven by natural laws to seek food, land and raw material across other people's frontiers. In my opinion all questions relating to land armaments must be approached by way of Russia, Poland and Germany. If their future life were insured by world credits, which would make their prosperity depend on peace, France and Poland would be relieved of future menace, and would have no further excuse for standing armies. But Russian good will and political reform may be brought about only by a quick rescue of her starving millions, and I echo Dr. Nansen's cry of rebuke to world Governments who will not vote as much money as would build one battle ship to save millions of persons from death.

Not in that way shall we bring Russia back to the brotherhood of nations or mobilize her Red army.

England's part in the Washington conference will be shaped by the quality of her chief representative. That is still a secret, but in my belief Winston Churchill may be chosen in the absence of Lloyd George. If that happens

Washington will have a man who, in spite of many failures and mistakes, an utter recklessness of action and the spirit of a gambler for imperial stakes, has an immense imagination and a quick understanding of world facts.

After many adventures in reaction his recent speeches show that he sees reality and light and is ready to cut his losses and start on new and courageous lines.

Meanwhile it is necessary to let the plain people in Great Britain understand the vast importance to them of the Washington conference. In my small way as a journalist I am doing my best, and it is significant of a weakening interest that one small pamphlet issued by the Peace Council has sold in a few days to the extent of 30,000 copies. The man in the street is beginning to look forward to the Washington conference as his chance to be rescued from taxation and war.

PORTUGUESE POSTAGE MOUNTS.

Lisbon, Oct. 8.—Postal rates in Portugal have been increased since May last to eight times the former rate. This has aroused protests from publishers and members of Parliament, who charge that the new rates virtually prohibit the exportation of books to Brazil and that this will destroy Portuguese influence in that country.

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